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County Manager Ed Gil de Rubio, far left, discusses audits of the Sullivan County nursing home yesterday during a meeting of the County Commission, which includes, from left, Jeff Barrette, Ethel Jarvis and Ben Nelson.

(Valley News — Nicholas Richer)

Tax Plan Sought for Nursing Home

By Peter Jamison

Valley News Staff Writer

Unity -- Sullivan County commissioners are mulling a proposal to cover an income shortfall of more than \$2 million at the county's nursing home by hiking property taxes.

The proposal, outlined yesterday by a private accountant hired by the county, calls for raising an extra \$2.5 million in property-tax revenue to cover the nursing home's losses. Hardest hit would be the towns of Sunapee, Claremont, Grantham and Newport, which together would shoulder \$1.6 million of the tax burden. *(See chart, page A5.)*

"My constituents will be unhappy," State Rep. Suzanne Gottling, a Sunapee Democrat, said in a telephone interview last night.

Gottling, who did not attend the commissioners' meeting, said the budgetary shortfall was particularly disturbing because she was under the impression that the nursing home would only run a deficit of about \$400,000 in fiscal year 2007. "People thought, 'Well, that's not so bad,' " she said. "That's the thing that makes people wonder, what are you supposed to listen to, and what are you supposed to believe? And that makes it very hard."

The county could raise the taxes during the next fiscal year or call a special meeting before that for a one-time increase, according to County Commission Chairwoman Ethel Jarvis. No decisions were made at yesterday's meeting, and commissioners will revisit the issue at a meeting on Oct. 30.

County commissioners learned at their last meeting that the nursing home in Unity had fallen \$2.3 million short of the revenue projected for it for the 2007 fiscal year. That shortfall drove a budget deficit that forced the county to take out a \$2.5 million loan in June to pay its bills. Meanwhile, the county-hired accountant said in an interview last night that the home might already be on track to post an \$800,000 deficit for the current fiscal year, which started in July.

Genesis HealthCare, the private, for-profit corporation that the county had hired in January 2005 to run the 156-bed public nursing home, ran up the losses during the 2007 fiscal year. The nursing home had suffered operating losses totaling more than \$4 million during the three fiscal years before Genesis, which was brought on board with the goal of restoring the facility to economic health.

But county financial records show that the home continued to post operating losses under private management. In fiscal 2005 -- when the county ran the home for the first six months, and Genesis took over for the final six months -- the home's operating loss was \$1.9 million. The operating loss in fiscal 2006 was \$804,000, although at least \$481,000 of that amount was from bad debt racked up before Genesis arrived.

Nevertheless, County Manager Ed Gil de Rubio and elected leaders who supported the Genesis contract said that by the end of 2006 the home was already running a slight profit. The nursing home was budgeted to turn a \$1.6 million profit for the past fiscal year, and county officials lowered the tax rate accordingly. In reality, the facility experienced another loss, about \$780,000, leaving a \$2.3 million hole in the county budget.

The county commission voted unanimously to sever its contract with Genesis in June, and the company turned the home back over to county management in July. At yesterday's meeting, Commissioner Ben Nelson, previously a supporter of the company's work, sought to portray that decision as driven in part by the home's recent financial woes.

"Things have changed since the numbers were generated," Nelson said. "We've brought management at the facility back in-house. It was apparent to us at the end of the year that things were not going well and we made a change at the facility."

Yesterday, Vermont-based accountant Jeffrey Graham outlined the tax increase scenario, which would be shared by the county's 15 towns. The county pays Graham to help keep track of government finances.

In an interview, Graham suggested the county might want to consider raising a total of \$3 million, most of it through taxes and some through a long-term loan, to cover both the 2007 deficit and a projected nursing home operating deficit for the current fiscal year of \$800,000. That figure, which is still only an approximation, is based on the nursing home's financial performance over the last three months, Graham said.

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